

19688-1

1995

Execution Copy

ASSIGNMENT OF LEASE

ASSIGNMENT OF LEASE dated as of November 13, 1995 made by **AMERICAN FINANCE GROUP**, a Massachusetts general partnership (the "Assignor"), in favor of **NATWEST BANK N.A.** (formerly known as National Westminster Bank USA), as agent (the "Assignee") under that certain Credit Agreement dated as of October 7, 1993 (together with all amendments, supplements and modifications thereto, the "Credit Agreement") among the Assignor, the lenders signatory thereto (the "Lenders") and the Agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have made and have agreed to make, from time to time, loans (the "Loans") to the Assignor, such Loans being evidenced by a secured promissory note of the Assignor, to bridge finance the purchase of equipment to be sold to certain investment funds and for other working capital purposes, including the cost of operation and management of such funds;

WHEREAS, the Assignor, the Agent and certain affiliates of the Assignor have entered into a Security and Pledge Agreement dated as of October 7, 1993, as amended and supplemented (the "Security Agreement"), pursuant to which, among other things, the Assignor granted the Agent, as security for the obligations of the Borrower under the Credit Agreement, a lien on all of the assets of the Assignor, including the Railcars (as hereinafter defined) upon its acquisition thereof;

WHEREAS, simultaneously herewith the Assignor has acquired certain assets consisting of 20 diesel electric locomotives built by General Electric Corporation, as more particularly described and bearing original marks as set forth on Exhibit 1 hereto (collectively, the "Railcars"), and has entered into that certain Equipment Lease Agreement, dated as of November 10, 1995 between American Finance Group (the "Lessor"), and Consolidated Rail Corporation (the "Lessee") with respect thereto;

WHEREAS, the Assignor has requested that the Lenders make Loans to it under the Credit Agreement in the aggregate amount of \$6,500,000 (the "Railcar Loans"), the proceeds of which are and will be used to enable the Assignee to acquire the Railcars;

WHEREAS, in consideration of the Railcar Loans to the Assignor, the Assignor is executing a Supplement No. 3 to Security and Pledge Agreement of even date herewith (the "Supplement"), which confirms that the Security Agreement includes the Railcars; and

WHEREAS, it is a condition precedent to the obligation of the Assignee to make the Railcar Loans that the Assignor shall grant the Assignee a lien and security interest in the Lease (as hereinafter defined) and execute and deliver this Assignment of Lease;

NOW, THEREFORE, in confirmation of and in addition to the terms and conditions of the Security Agreement, the Assignor, in consideration of One Dollar (\$1.00) lawful money of the United States of America and other good and valuable consideration, the receipt of which is hereby acknowledged, by this instrument does hereby grant to the Assignee a lien on and security interest in, and does sell, assign, transfer and set over, unto the Assignee, and unto each of the Assignee's successors and assigns, to Assignee and its successors' and assigns' own proper use and benefits, all the right, title and interest of the Assignor under, in and to that certain Equipment Lease Agreement, dated as of November 10, 1995 between American Finance Group, as lessor, and Consolidated Rail Corporation, as lessee, including, without limitation, all of its rights to and under any riders, addenda and other supplements, as any such documents may from time to time be amended or supplemented, (the foregoing are hereinafter collectively referred to as the "Lease") and including, without limitation, the following (capitalized terms which are not defined in this Assignment shall have the meaning given thereto in the Security Agreement):

(a) all rental payments and other moneys, including all insurance payments and claims for losses, due and to become due to the Assignor under, and all claims for damages arising out of the breach of, the Lease;

(b) the rights of the Assignor to terminate the Lease;

(c) the rights of the Assignor to perform thereunder;

(d) the rights of the Assignor to compel performance of the terms thereof;

(e) any guarantee of the Lease and any rights of Assignor in respect of any subleases permitted under the Lease; and

(f) all proceeds of the foregoing.

This Assignment is granted and delivered as security for the prompt and full payment and performance, as and when due and payable, of all of the Obligations. All rights granted to the Assignee under or in connection with any other agreements or other documents executed and delivered hereunder or in connection with

the Credit Agreement are in addition to all rights granted to the Assignee hereunder.

The Assignor does hereby agree as follows:

1. The Assignor shall remain liable under the Lease to perform all the obligations to be performed by them thereunder, all in accordance with and pursuant to the terms and provisions of the Lease, and the Assignee shall have no obligation or liability under the Lease by reason of or arising out of this Assignment, nor shall the Assignee be required or obligated in any manner to perform or fulfill any of the obligations of the Assignor under or pursuant to the Lease, or to make any payment, or to make any inquiry as to the nature or the amounts which may have been assigned to it or to which it may be entitled at any time or times.

2. The obligations of the Assignor under the Lease may be performed by the Assignee or its nominee, but only at the option of the Assignee, without releasing the Assignor therefrom and without providing for or resulting in any assumption of liability thereunder.

3. The Assignor does hereby constitute the Assignee as the Assignor's true and lawful attorney, irrevocably, with full power (in the name of the Assignor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of the Lease or any guarantee thereof or sublease permitted thereunder, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Assignee may deem to be necessary or advisable.

4. The Assignor agrees that at any time and from time to time, upon the written request of the Assignee and at the expense of the Assignor, it will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee may reasonably deem desirable in obtaining the full benefits of this Assignment and of the rights and powers herein granted, including, without limitation:

(a) the filing or recording of this Assignment (or any amendment or supplement thereto) with the United States Interstate Commerce Commission (or any U.S. government agency or authority that succeeds to its functions under 49 U.S.C. § 11303) or the Registrar of Canada and a financing or continuation statement or statements with respect hereto or thereto in accordance with the laws of any applicable jurisdiction, and the Assignor hereby authorizes the Assignee to effect any such filing or recording as aforesaid (including the filing of any such financing statements or amendments thereto without the signature of the Assignor), and the

Assignee's costs and expenses with respect thereto shall be payable by the Assignor on demand; and

(b) the taking of such further action as the Assignee may deem desirable to protect fully the Assignee's interest hereunder in accordance with the Uniform Commercial Code or any other applicable law.

5. In any suit, proceeding or action brought by the Assignee under the Lease, any guarantee thereof or sublease permitted thereunder, for any installment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions of the Lease, any guarantee thereof or sublease permitted thereunder, the Assignor will save, indemnify and keep the Assignee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of any lessee under the Lease, or any guarantor or sublessee thereunder or its successors, arising out of a breach by the Assignor of any obligation under the Lease or in respect of any assets covered by the Security Agreement (the "Railcar Collateral") or any sublease permitted thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of the Lease or any such guarantor or sublessee or its successors from the Assignor, and all such obligations of the Assignor shall be and remain enforceable against the Assignor or any party or parties in whom any of the rights of the Assignor under the Lease shall vest by reason of the successive assignments or transfers thereof.

6. (a) The Assignor hereby represents and warrants that the Assignor is the sole owner of the Lease, free and clear of any liens, claims or encumbrances (the "Liens") and the Assignor has not conveyed any interest in the Lease to any Person or subjected the Lease to any Lien except pursuant to the Security Documents. The Assignor shall, at its expense, promptly take such action as may be necessary to duly discharge any Liens on the Lease. Without limiting the foregoing, the Assignor represents and warrants that (i) there is no financing statement or other filed or recorded instrument signed by the Assignor on file in any public office covering any of the Railcar Collateral, except for the financing statements or other instruments filed or to be filed in favor of the Assignee pursuant to the Security Documents and (ii) the Lease is a valid obligation of the parties thereto, in full force and effect and enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and to general principles of equity.

(b) Except as otherwise specifically permitted by the Credit Agreement, the Assignor covenants that it will not take any action, the taking of which could result in an alteration or impairment of

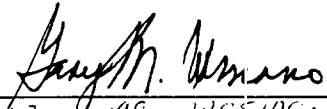
the Lease or of this Assignment or of any of the rights created by the Lease or any guarantee thereof or this Assignment. The Assignor further represents and warrants that it has not assigned or pledged, and covenants that, so long as this Assignment shall remain effect, it shall not, except as specifically permitted by the Credit Agreement, assign or pledge, any of its right, title or interest under, in or to any Lease or any guarantee thereof to anyone other than the Assignee, nor shall the Assignor deliver possession of the Lease to any person except as provided in the Credit Agreement or the Loan Documents.

7. This Assignment shall be binding upon the Assignor and its successors, and shall inure to the benefit of the Assignee. The Assignor may not assign or delegate any of its rights or obligations hereunder or, except as permitted by the Credit Agreement, under the Lease without the prior written consent of the Assignee and any such assignment in the absence of such consent shall be null and void. This Assignment may be executed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

9. This Assignment shall be governed by and construed and conformed in accordance with the laws of the State of New York applicable to contracts made and wholly performed in that state.

IN WITNESS WHEREOF, the Assignor has caused this Assignment to be duly executed on the date first above written.

AMERICAN FINANCE GROUP

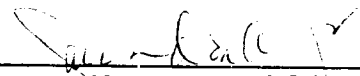
By: 
Title: VICE PRESIDENT & CONTROLLER

COMMONWEALTH OF MASSACHUSETTS)

) ss.:

COUNTY OF SUFFOLK)

On the 10th day of November, 1995, before me personally came Gary M. Romano, to me known, who, being by me duly sworn, did depose and say: that he/she is the Vice President of AMERICAN FINANCE GROUP, the general partnership which executed the foregoing instrument on such date; and that he/she signed his/her name thereto by order of the Executive Committee of said partnership.



Notary Public
SANDRA A. GUADAGNO, Notary Public
My Commission Expires 4/3/98

EXHIBIT 1
TO THE ASSIGNMENT OF LEASE, DATED AS OF NOVEMBER 13,
1995, BETWEEN AMERICAN FINANCE GROUP, AS ASSIGNOR, AND
NATWEST BANK N.A., AS ASSIGNEE

Description:

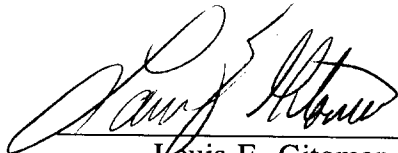
2,250 horsepower Model B-23-7 diesel electric locomotives
built by General Electric Company and bearing the
following identification numbers:

CR 1967
1968
1969
1971
1972
1975
1978
1979
1982
1983
1986
1989
1990
1991
1993
1998
2000
2002
2003
2004

including all substitutions therefor, and replacements,
improvements, additions and accessions thereto.

CERTIFICATION

I, LOUIS E. GITOMER, have compared this copy to the original Assignment of Lease dated as of November 13, 1995, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.



Louis E. Gitomer
November 13, 1995